

**REDEVELOPMENT AGENCIES - EXEMPTION  
FOR SCHOOL PROPERTY TAXES**

2003 GENERAL SESSION

STATE OF UTAH

**Sponsor: Leonard M. Blackham**

**This act modifies the Redevelopment Agencies Act to exempt some of the school district portion of tax increment from being paid to or used by an agency.**

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**17B-4-403**, as last amended by Chapter 205, Laws of Utah 2002

**17B-4-1004**, as last amended by Chapter 205, Laws of Utah 2002

ENACTS:

**17B-4-508**, Utah Code Annotated 1953

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **17B-4-403** is amended to read:

**17B-4-403. Project area plan requirements.**

(1) Each project area plan and draft project area plan shall:

(a) describe the boundaries of the project area;

(b) contain a general statement of the land uses, layout of principal streets, population densities, and building intensities of the project area and how they will be affected by the redevelopment, economic development, or education housing development;

(c) state the standards that will guide the redevelopment, economic development, or education housing development;

(d) show how the purposes of this chapter will be attained by the redevelopment, economic development, or education housing development;

(e) be consistent with the general plan of the community in which the project area is located and show that the redevelopment, economic development, or education housing



development will conform to the community's general plan;

(f) if the agency board made a finding of blight under Subsection 17B-4-601(4)(b):

(i) describe how the redevelopment will reduce or eliminate blight in the project area;

and

(ii) if the agency is to have the power of eminent domain under the project area plan:

(A) provide record owners of property located within the redevelopment project area and their tenants reasonable opportunities to participate in the redevelopment if the record property owner or tenant enters into a participation agreement with the agency;

(B) state that the agency has adopted or will adopt guidelines setting forth and governing the opportunities of record property owners and tenants to participate in the redevelopment, as required by Subsection 17B-4-402(1)(h)(iv); and

(C) include a plan for the relocation of any families and persons who will be temporarily or permanently displaced from housing facilities in the redevelopment project area;

(g) if the project area plan is for economic development, describe how the economic development will create additional jobs;

(h) if the project area plan is for education housing development, describe how the education housing development will meet the needs of the community in which the project area is located;

(i) describe any specific project or projects that are the object of the proposed redevelopment, economic development, or education housing development;

(j) identify how private developers, if any, will be selected to undertake the redevelopment, economic development, or education housing development and identify each private developer currently involved in the redevelopment, economic development, or education housing development process;

(k) contain a time limit of no more than three years after adoption of the project area plan for the agency to commence implementation of the project area plan, unless the project area plan is adopted again as if it were an amended project area plan under Section 17B-4-411;

(l) if the project area plan authorizes the use of eminent domain, contain a time limit of no more than five years after the effective date of the project area plan for the agency to commence acquisition of property through the use of eminent domain;

(m) if the project area plan provides for tax increment to be paid to the agency:

(i) contain a time limit of no more than 25 years for tax increment to be paid to the agency from the project area unless the taxing entity committee consents to a longer period;

[and]

(ii) contain a provision that the project area may not exceed 100 acres of private real property unless the agency obtains the consent of the taxing entity committee; and

(iii) for a project area plan adopted on or after May 5, 2003, exempt 50% of the school district portion of tax increment from being paid to or used by the agency;

(n) state the reasons for the selection of the project area;

(o) describe the physical, social, and economic conditions existing in the project area;

(p) provide a financial analysis describing the proposed method of financing the proposed redevelopment, economic development, or education housing development;

(q) describe any tax incentives offered private entities for facilities located in the project area;

(r) contain the report and state any recommendations of the community's planning commission;

(s) include an analysis, as provided in Subsection (2), of whether adoption of the project area plan is:

(i) for a redevelopment project area plan, necessary and appropriate to reduce or eliminate blight; or

(ii) for an economic development or education housing development project area plan, beneficial under a benefit analysis;

(t) if any of the existing buildings or uses in the project area are included in or eligible for inclusion in the National Register of Historic Places or the State Register, state that the agency shall comply with Subsection 9-8-404(1) as though the agency were a state agency; and

(u) include other information that the agency determines to be necessary or advisable.

(2) Each analysis under Subsection (1)(s)(ii) shall consider:

(a) the benefit of any financial assistance or other public subsidy proposed to be provided by the agency, including:

(i) an evaluation of the reasonableness of the costs of economic development or education housing development;

(ii) efforts the agency has made or will make to maximize private investment;

(iii) the rationale for use of tax increment, including an analysis of whether the proposed development might reasonably be expected to occur in the foreseeable future solely through private investment; and

(iv) an estimate of the total amount of tax increment that will be expended in undertaking economic development or education housing development and the length of time for which it will be expended; and

(b) the anticipated public benefit to be derived from the economic development or education housing development, including:

(i) the beneficial influences upon the tax base of the community;

(ii) the associated business and economic activity likely to be stimulated; and

(iii) in the case of economic development, the number of jobs or employment anticipated to be generated or preserved.

Section 2. Section **17B-4-508** is enacted to read:

**17B-4-508. Limit on tax increment from school districts.**

A project area budget may not be adopted on or after May 5, 2003 unless it exempts 50% of the school district portion of tax increment from being paid to or used by the agency.

Section 3. Section **17B-4-1004** is amended to read:

**17B-4-1004. Tax increment under a post-June 30, 1993 project area plan.**

(1) This section applies to tax increment under a post-June 30, 1993 project area plan only.

(2) ~~[Am]~~ Subject to Section 17B-4-508, an agency board may provide in the project area budget for the agency to be paid:

(a) if 20% of the project area budget is allocated for housing under Section 17B-4-504:

(i) 100% of annual tax increment for 15 years;

(ii) 75% of annual tax increment for 24 years; or

(iii) if approved by the taxing entity committee, any percentage of tax increment up to 100%, or any specified dollar amount, for any period of time; or

(b) if 20% of the project area budget is not allocated for housing under Section 17B-4-504:

(i) 100% of annual tax increment for 12 years;

(ii) 75% of annual tax increment for 20 years; or

(iii) if approved by the taxing entity committee, any percentage of tax increment up to 100%, or any specified dollar amount, for any period of time.

(3) (a) ~~[An]~~ Subject to Section 17B-4-508, an agency may, without the approval of the taxing entity committee, elect to be paid 100% of annual tax increment for each year beyond the periods specified in Subsection (2) to a maximum of 25 years, including the years the agency is paid tax increment under Subsection (2), if:

(i) for an agency in a city in which is located all or a portion of an interchange on I-15 or that would directly benefit from an interchange on I-15:

(A) the tax increment paid to the agency during the additional years is used to pay some or all of the cost of the installation, construction, or reconstruction of:

(I) an interchange on I-15, whether or not the interchange is located within a project area; or

(II) frontage and other roads connecting to the interchange, as determined by the Department of Transportation created under Section 72-1-201 and the Transportation Commission created under Section 72-1-301, whether or not the frontage or other road is located within a project area; and

(B) the installation, construction, or reconstruction of the interchange or frontage and other roads has begun on or before June 30, 2002;

(ii) for an agency in a city of the first or second class:

(A) the tax increment paid to the agency during the additional years is used to pay some or all of the cost of the land for and installation and construction of a recreational facility, as defined in Section 59-12-702, or a cultural facility, including parking and infrastructure improvements related to the recreational or cultural facility, whether or not the facility is located within a project area; and

(B) the installation or construction of the recreational or cultural facility has begun on or before June 30, 2002.

(b) Notwithstanding any other provision of this section, an agency may use tax increment received under Subsection (2) for any of the uses indicated in this Subsection (3).

(c) Notwithstanding Subsection (3)(a), a school district may not, without its consent, receive less tax increment because of application of Subsection (3)(a) than it would have received without that subsection.

152 (4) Unless the taxing entity committee consents, an agency may not be paid tax  
153 increment from the project area for more than 25 years.

154 (5) (a) A school district that levies a tax on property located within a project area under  
155 an education housing development project area plan may elect not to allow the agency to be  
156 paid tax increment from the property tax revenues generated by the school district.

157 (b) An election under Subsection (5)(a) shall be made in writing to the agency before  
158 the taxing entity committee's approval of the project area budget.

159 (c) If a school district makes an election under this Subsection (5):

160 (i) the agency may not be paid tax increment from property tax revenues generated by  
161 the school district; and

162 (ii) the school district representatives and the State Board of Education representative  
163 on the taxing entity committee may not vote on any matter concerning the education housing  
164 development project area or project area budget.

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**Legislative Review Note**

**as of 1-23-03 8:13 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

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**Fiscal Note****Redevelopment Agencies - Exemption for School Property Taxes***03-Feb-03***Bill Number SB0135***11:03 AM*

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**State Impact**

Passage of this bill should be revenue neutral. However, there will be a tax shift from schools to cities, counties and special districts.

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**Individual and Business Impact**

No fiscal impact.

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**Office of the Legislative Fiscal Analyst**